

Message Text

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ACTION NEA-16

INFO OCT-01 EUR-25 ISO-00 PM-07 NSC-07 SP-03 SS-20 RSC-01

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FM AMEMBASSY KUWAIT

TO SEKSTATE WASHDC 0560

INFO AMEMBASSY LONDON

AMEMBASSY TEHRAN

C O N F I D E N T I A L KUWAIT 3442

FROM AMBASSADOR WOLLE MUSCAT

EO 11652: GDS

TAGS: MPOL MU

SUBJ: AIR DEFENSE SYSTEM UNDER ACTIVE DISCUSSION BETWEEN OMAN
AND UK COMPANY

REF: KUWAIT 2543 2545 (NOTAL)

SUMMARY: BRITISH AIRCRAFT CORP REPORTEDLY NEARING AGREEMENT
WITH OMAN ON SALE EXPENSIVE COUNTRY-WIDE AIR DEFENSE SYSTEM
BASED ON RAPIER AND JAGUAR. IF AGREED, THIS PROJECT FOR WHICH
NEED IS DEBATABLE TO SAY THE LEAST WILL SLOW DOWN CIVIL
DEVELOPMENT PLANS TO SOME DEGREE. END SUMMARY

1. CONFLICTING STORIES CIRCULATING HERE ABOUT OMANI INTENTIONS
TO ACQUIRE AIR DEFENSE SYSTEM (ADS) AND ABOUT STAGE NEGOTIATIONS
HAVE REACHED. WILL BE RECALLED THERE WAS CONSIDERABLE INTEREST
IN THIS LAST FALL AND WINTER, WITH BOTH BRITS AND USG BEING ASKED
CONDUCT SURVEY FOR POSSIBLE COUNTRY-WIDE SYSTEM.

2. SUBSEQUENT DEVELOPMENTS RUN SOMETHING LIKE THIS. T BUGH
SULTAN QABUS MADE DECISION IN PRINCIPLE LONG AS YEAR AGO FAVOR-
ING MODEN COUNTRY-WIDE ADS, FUNDS WERE RELATIVELY TIGHT IN
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THOSE PRE-OCTOBER DAYS. WHILE HM REALIZED THIS, HE NONETHE-
LESS WAS UPSET WHEN UK AMBASSADOR HAWLEY ON INSTRUCTIONS FROM

LONDON CAUTIONED HIM THAT THERE MIGHT BE BETTER WAYS TO SPEND LIMITED FUNDS THAN ON EXPENSIVE ADS. SUBSEQUENTLY, OIL REVENUES MUSHROOMED AND SULTAN SHOWED SIGNS OF TURNING TO FRENCH FOR ADS, WHEREUPON BRITS INFORMED THEIR OWN COMPANIES ABOUT OMAN'S INTEREST AND MADE KNOWN THEY MIGHT WELL PICK UP SOME HANDSOME CONTRACTS IF THEY MADE PROPOSALS TO SULTAN OR HIS REPS.

3. UPSHOT IS THAT BRITISH AIRCRAFT CORP IS WELL ALONG IN NEGOTIATIONS, CURRENTLY FOCUSSED IN LONDON, WITH OMANI REPS TO SUPPLY PACKAGE BASED ON RAPIER MISSILE AND JAGUAR AIRCRAFT SOMETIME IN 1977-78 TIMEFRAME. DISCUSSIONS CENTERING ON DELIVERY DATES, PAYMENT DATES AND TIMING, AND PRECISE AREA COVERAGE NEEDED (THOUGH CLEARLY ENTIRE COUNTRY IS INTENDED, NOT SIMPLY DHOFAR REGION). COST FIGURES RANGING FROM RO 60 TO 150 MILLION (DOLS 180 TO 450 MILLION) BEING TOSSED AROUND HERE, THOUGH WE DOUBT THERE IS YET ANY AUTHORITATIVE FIGURE.

4. COUNTRY'S ECON DEVELOPMENT ADMINISTRATORS SUCH AS ECON ADVISER JOHN TOWNSEND WERE LARGELY LEFT OUT OF ADS TALKS AND NOT KEPT INFORMED OF COST MAGNITUDES. BY LAST MONTH IT SUDDENLY DAWNED ON THOSE IN AUTHORITY THAT OMAN, EVEN WITH GREATLY EXPANDED OIL REVENUES NOW A REALITY, MIGHT RUN SHARPLY UP AGAINST MONEY PROBLEMS WHAT WITH EXPENSIVE ADS AND OTHER HEAVY DEFENSE EXPENDITURES BEING INCURRED OR PLANNED. PROJECTED MILITARY BUDGET ESTIMATES ARE HIGH AS RO 100 AND 125 MILLION FOR 1974 AND 75 HAVE BEEN BRUITED ABOUT, TO DISMAY OF ECON PLANNERS. ALL THIS IS PROMPTING HASTY CUTTING BACK ON CIVIL DEVELOPMENTS PLANS (THIS SITUATION STILL IN CONSIDERABLE FLUX AND WILL BE REPORTED SOON AS FACTS AVAILABLE).

5. COMMENT: NO QUALIFIED OBSERVER WE KNOW OF REALLY BELIEVES OMAN HAS SOLID NEED FOR ADS COVERAGE APART FROM SALALAH AREA. (THERE AND AT MIDWAY AIRPORT WE UNDERSTAND PLANS ARE FOR IRANIAN FORCES TO SET UP COVERAGE THIS FALL USING RADAR-CONTROLLED SOVIET-MADE 123MM TWIN-BARREL AA GUNS, IN CONJUNCTION WITH SQUADRON OF IRANIAN F-5 AIRCRAFT TO BE BASED AT MIDWAY AFTER RUNWAY STRENGTHENING COMPLETED ABOUT DECEMBER/JANUARY.) BUT APPARENTLY SULTAN THINKS HE WOULD BE REMISS IN NOT PROVIDING
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MODERN UMBRELLA DEFENSE FOR COUNTRY NOW THAT REVENUES MOUNTING, EVEN IF PROGRESS ON ECON AND SOCIAL FRONTS DELAYED AS RESULT.
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